Tells the Facts and Names the Names

CounterPunch

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How Little Rock Went Global

It was 24 years between the two election finales, but the similarities were vivid. A triumphant candidate coasted to victory with his forlorn rival vainly urging the US people to pay heed to the corruption staining the nation's highest office. Nixon destroyed McGovern and then faced the fatal aftershock of Watergate. Dole destroyed himself, but now Clinton faces probes of his political and domestic financing across twenty years, from Whitewater to Indonesia.

The arrogance of the Clintonites has been prominently on display. The Democratic National Committee at first refused to file its final pre-election report with the Federal Elections Commission. Then it relented in part and promised "raw data" after its stance caused a public uproar. Al Gore stonewalled about his collection of $140,000 from Buddhist monks, many of whom had taken vows of poverty, at a California temple. John Huang, formerly an executive with the Indonesia-based Lippo Group, and more recently with the Commerce Department and the fund-raising arm of the DNC, went into hiding to avoid a subpoena seeking information about the connections between his role in raising money for the Democrats – some $5 million in the past two years – and his work with Lippo.

The Lippo/Huang affair, in which the influence peddling of the Clinton years is so harshly displayed, foreshadows what can be expected during the next Clinton administration. Lippo is one of Indonesia's biggest firms, a $6 billion banking, real estate and insurance behemoth. The Riady family at Lippo's helm was anxious to establish itself in the US and presciently established its beachhead in Little Rock.

One of the Riady clan's first moves was to buy a controlling interest in the Worthen Bank with Jackson Stephens, one of Governor Clinton's closest political and financial supporters, and a prominent power in the state. James Riady became co-president of the bank, which is best known for extending a crucial $3.9 million line of credit to the Clinton campaign in 1992, a loan secured only by federal matching funds.

Another Riady holding in Arkansas was the First National Bank of Mena, which the family acquired in 1984. This was about the time that CIA and DEA informant Barry Seal was using the West Arkansas airport at Mena as the center of a drug-and-guns operation for the Nicaraguan contras; Seal's enterprise was running tens of thousands of dollars through the Mena bank every week.

Among the other clients of the Riadys' Mena Bank was Seth Ward, father-in-law of Webster Hubbell, who later became Deputy Attorney General under Clinton. Ward helped set up a manufacturing company at the Mena airport called POM, Inc., whose corporate charter was drafted by Hubbell. POM was supposed to be a manufacturer of parking meters, but aside from nose cones for the MX missile, it also made military equipment for transport to the contras. Ward was also a central player in one of the more flagrant transactions in the Whitewater scandals, the "Castle Grande Shuffle" dreamed up by Hillary Clinton, then at the Rose Law firm.

The Riadys became clients of Rose Law and in 1983 the firm helped James Riady and his wife Ailyn set up Lippo Finance and Development Company, the first Lippo subsidiary in the US. To run the firm, the Riadys picked Vernon Weaver, who once headed the Small Business Administration in the Carter years. Weaver immediately applied for an SBA loan for the Lippo Company. In the application for the $2 million loan, Weaver

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listed Clinton as a character reference. Last year, Clinton selected Weaver to serve as US Trade Representative to the European Community.

At Rose Law the Riadys' business was handled by Vince Foster, Joseph Giroir and Webster Hubbell. After Clinton was elected president Giroir left Rose to found the Arkansas International Development Corporation, which brokers deals between Arkansas businesses and Asian countries. Giroir has gained contracts for Wal-Mart and Tyson Foods in Indonesia and Hong Kong, with both deals made in cooperation with the Lippo Group. Indeed the first Wal-Mart store to open in Indonesia is located in Lippo Village, a 1,600 acre real estate development outside Jakarta. In the past two years, Giroir has given nearly $100,000 to the Democratic Party and he has met with Clinton in the Oval Office.

The Riadys have also been generous Clinton supporters. Mochtar Riady, his family and friends have funneled at least $1 million to Clinton and the Democrats during the past five years.

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John Huang went to work for Lippo in the 1980s and became especially close to James Riady. The man who drew Huang into Clintonite circles was Mickey Kantor. While still at the Los Angeles-based law firm of Manatt, Phelps, Philips and Kantor in the late 1980s the future Secretary of Commerce was retained to represent Lippo Securities, the company's banking subsidiary, also based in Los Angeles. Kantor was a major Democratic fundraiser and later served as chairman of Clinton's 1992 campaign.

In July 1994, Kantor recommended that John Huang be hired by the Commerce Department as assistant secretary for trade. Huang was swiftly brought on board, just prior to important trade trips led by Commerce Secretary Ron Brown to China and Indonesia.

These forays, in which scores of corporate CEOs flew along with Brown, were shakedown schemes in which Commerce rewarded Democratic Party donors by giving them executive seats on Brown's plane. One of the most highly prized trips was Brown's August 1994 expedition to China. Of the 25 executives selected to go along, at least 12 proved to be major donors or fundraisers for the Democrats.

While the Clinton administration has repeatedly claimed over the past few weeks that Huang had recused himself from all trade matters involving Indonesia and Lippo interests, it is now apparent that Huang's primary input during those early months of his tenure was to advise the administration on opportunities for US business ventures in Hong Kong, China, and Indonesia. Secret Service logs indicate that Huang visited the White House more than 70 times in the past year, although the administration refuses to discuss the nature of those visits.

Certainly, Huang's former employer made out well during the business trips that immediately followed his hiring by Commerce. Consider the case of the Louisiana-based energy giant Entergy, which has a number of lucrative joint ventures in Asia with Lippo.

In addition to the Lippo connection, Entergy CEO Edward Lupberger is a personal friend of Clinton's. His firm has donated hundreds of thousands of dollars to the Democrats during the past four years. Entergy is also the parent company of Arkansas Power & Light, a big donor to Clinton during his years as governor. Among Clinton's many favors to Entergy during his days in Arkansas was a particularly unsavory deal to bail out the company's ailing Grand Gulf nuclear power plant located in Mississippi. Clinton agreed to Entergy's plan to soak Arkansas rate payers with 80 percent of the costs of the Grand Gulf plant, even though the reactor doesn't serve any Arkansas residents or businesses.

Entergy's board includes Beryl Anthony, former chairman of the Democratic Congressional Campaign Committee and a long-time Clinton friend who represented northern Arkansas in congress for a decade. Another Entergy board member is John Palmer, CEO of Mobile Telecommunications Technologies Corp., who was selected by Clinton to serve as on the President's Export Council. Palmer has also served as an advisor to Mickey Kantor at the Office of the US Trade Representative, the post Kantor held before moving into Brown's office at Commerce.

Entergy was desperate to get on Ron Brown's China trip. In June of 1994 a company official traveled to Washington to meet with Jude Kearney, a deputy assistant secretary at the Commerce Department and a Clinton staffer from the Arkansas days. An internal Entergy memo drafted by the official – who signed only with the initials JCB – says: "[Kearney] indicated competitive nature of being selected to ride on the plan with the Secretary. Also indicated that the politics of the situation were important and he as a political appointee would push those that were politically connected."

On July 1, an Entergy executive wrote Brown directly "to discuss ways for Entergy to be included on your trip". Attached to the letter was a summary of a deal for a 1,200 megawatt coal-fired power plant that Entergy, in partnership with Lippo, was hoping to close during the trip, as well as "Actions Entergy Would Appreciate Secretary Brown's Help On".

A few weeks later Brown wrote Lupberger to invite him to join the business delegation. With the Secretary's help, Entergy and Lippo closed the power plant deal during the China trip, an agreement worth $1 billion. Backing for the Eximbank soon followed.

At the time the Exim was headed by Maria Haley, a long time Clinton staffer in Arkansas and the recently divorced wife of Giroir. Haley, Giror and Jim Guy Tucker, former governor of Arkansas who

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It's All Over, and Now ... Back to the Future

This edition of **CounterPunch** leaves the presses as voters prepare for their sorties to the polling booth. As political education, Campaign '96 has been useful. Awareness of the overwhelming weight of corporate money has been considerably enhanced, with the Lippo Affair evoking the archetypal Democratic bagman of our time, the late Ron Brown.

Two years ago, in the wake of so-called "Newtquake", **CounterPunch** disputed the notion of a seismic change in the political landscape, of the sort ecstatically heralded on the editorial pages of the *Wall Street Journal*. We were right and the *Journal*'s editors were wrong, as they have been with gratifying frequency ever since.

We also disputed the likelihood – tirelessly promoted by *The Nation* and other liberal periodicals – of a legislative bloodbath executed by the far right. We said then that the neoliberal agenda represented far more of a threat. And so it came to pass. It was the Clinton administration, not the Young Turks massed behind Dick Armey which:

- annulled the rights of immigrants to review evidence against them amassed by the FBI and INS;
- extended police surveillance and eavesdropping powers;
- upheld the 100-to-1 imbalance in sentencing for cocaine and crack possession;
- passed the "Securities Reform Act", a gargantuan gift to Wall Street, the insurance industry, the big accounting firms and Silicon Valley;
- pressed for nullification of US laws under the terms of the free trade agreements;
- hollowed out the Endangered Species Act.

It's hard to recall a president keener on registries and police data bases designed to ensnare the poor and the suspect. Clinton's favorite target of self-righteous abuse has been the black teenage mother. He has postured vilely on the death penalty. His most enduring legislative triumph thus far has been the ending of the federally guaranteed welfare entitlement.

In 1992 Clinton pledged to end welfare and many liberals deluded themselves with the thought that this was rhetorical cover for a national jobs program. Ever since that pledge, the liberal advocates have been content to provide the president with political cover from the left, exacting no price except personal advancement. In Chicago, with the ink still not dry on his signature on the welfare bill, they endorsed Clinton with scarcely a hiccup.

It's hard to recall a president keener on registries and police data bases designed to ensnare the poor.

It is not hard to forecast the legislative contours of Clinton's second term as an onslaught on Social Security and Medicare. This has already been announced by White House Chief of Staff Leon Panetta in mid-September when he told *USA Today* that Clinton hopes his "legacy" will be reform of these two mementos from the New Deal and the Great Society. It won't be long before Clinton will pick the bankers and planned shrinkers to sit on the bipartisan commissions which will recommend cuts which the liberals will ultimately forgive as being necessary to ensure the succession of Al Gore. The function of the right, as before, will be to press maximalist bills from which Clinton and the Democrats can then boast they have trimmed the worst excesses.

This was a bloodless election, in which the Demons tirelessly evoked by Democratic fundraisers – Newt Gingrich, Pat Buchanan, the Christian Right – were forced into the shadows by the obvious fact that they were death to the larger Republican cause. It was an election in which there was an often astonishing fissure between the demure banality of political discourse and the lurid headlines advertising the true nature of things, such as the $100 million fine – the largest criminal penalty for price-fixing in the nation's history by a factor of seven – levied on Archer Daniels Midland, one of the most prominent paymasters of both Democrats and Republicans, and also disburser of funds – about $6 million a year – to the Lehrer News Hour, which reaffirmed its loyalty to ADM in the wake of the $100 million fine.

For the left the campaign was a pretty mixed bag. The Nader campaign failed to capitalize on considerable enthusiasm, largely because the candidate had no wish to offer himself as anything more than what he frankly told **CounterPunch** he was; someone who felt that the left had to offer some alternative, however symbolic, to Clinton.

But if the more serious question now is what sort of resistance is mounted between these forays to the polling booth, it is hard to descry anything more than the most embryonic challenge from the left. Big Labor threw all its resources behind Clinton. The nascent Labor Party has ruled out electoral politics, and also any vigorous reform movement within the unions. The New Party has developed promising economic and wage strategies in cities such as Milwaukee, but is still far from making a national impact. All in all, there is scant threat to the sort of tripartisanship that saw Bob Dole vote approval for 97 percent of Clinton's judicial nominees to the federal bench (34 percent them were millionaires) and that saw "independent socialist" Bernie Sanders vote more often (about 94 percent of the time) for the Democratic line than did the Democratic Majority leader himself, Dick Gephardt.

The populist tinder is always dry and ready to be kindled. Buchanan briefly ignited it, albeit in a manner fatally stained by racism. Nader and Perot failed. But the constituency is there, and growing. The *New York Times* has launched Bill Clinton on his second term with the encouragement that with suitable adjustments to his morals he could end up as one of the century's great presidents. The liberals dream that now at last Bill will allow himself to be Bill. Part of our role here at **CounterPunch** is puncturing illusions and introducing uncomfortable and inconvenient facts. The next four years promise to be fertile ones for such an endeavor. ■

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Russia's Nukes: New Deal

Behind closed doors in Washington and Moscow rages a furious battle over the fate of 500 tons of nuclear material from the warheads of Russian nuclear missiles. The material is highly enriched uranium (HEU). It can easily be used to make new weapons, which is why the Bush administration decided to buy it from the Russians – for $12 billion. Now a group headed by a mysterious Russian-American businessman with high level connections in Washington and Moscow is trying to take over the trade.

The "HEU deal", as it is commonly known, was born at the time of thecollapse of the Soviet Union. The idea was to take the lethal bomb-grade material from Russian warheads, dilute it with natural uranium and thus render it suitable as fuel for nuclear reactors. The US government would then buy it, recouping its investment by selling the material to nuclear power companies in the US. As eventually negotiated, 500 tons (enough for 25,000 simple nuclear weapons) would be delivered over 20 years for a total cost of $12 billion.

On the Russian side the deal was in the hands of Minatom, the colossus that controls the nuclear industry there, including the famous "secret cities" where the weapons are made and dismantled. Victor Mikhailov, the powerful Minatom chief who has tried to make money by selling nuclear technology to the Iranians, was delighted at the prospect of such an enormous flow of cash. His dealings with the West have not always ended happily. Nuexco, an American nuclear trading company, went bankrupt owing Minatom almost $430 million – although Mikhailov himself may not have done so badly. "There is a common perception in the (nuclear fuel) industry that the $30,000 Rolex Presidential watch he wears came from Nuexco," one nuclear executive confided in an interview.

Shusterovich's ties to the master of the Russian nuclear complex has given him an inside track to buy billions in nuclear material.

The Americans appointed the United States Enrichment Corporation (USEC), wholly owned by the government, to handle the US side of the bargain. In 1993, Congress declared that USEC – highly profitable, thanks to heavy subsidies from the taxpayer – should be privatized so as to raise $1.5 billion for the Treasury. The scheme was fomented by Department of Energy officials who later became executives of USEC, and who hope to be at the helm when the corporation is sold off. Although the removal from Russia of material for making 25,000 nuclear weapons was the original objective, the USEC wheeler dealers found they could make even more money by discouraging the Russian shipments and obtaining their raw material at a cheaper rate elsewhere.

But now another player has emerged on the scene. Earlier this year a new company called Pleiades announced its intention of buying USEC at the still-to-be-concluded privatization sale. Pleiades, a privately-owned Delaware corporation is certainly not a known player in the nuclear industry. The company does, however, have an interesting Russian connection in the form of its president, Alexander Shusterovich, a 30-year-old US citizen who shuttles between Moscow and New York.

Born in Russia, Shusterovich came to the US with his parents at the age of 12 and ultimately graduated in law and business from Harvard University. Even while at Harvard he was hard at work exploiting the business opportunities of the new Russia. His interests in Moscow have reportedly included a share in a movie studio, an art gallery, a brewery and a scientific publishing business. Sources in the Russian nuclear industry, who detest this interloper, have alleged that he has also been involved in the flourishing Russian pornography business. When in Moscow he moves around amid a robust team of bodyguards.

Why would a well-protected "scientific publisher" think he has a chance of getting the right to buy $12 billion worth of nuclear weapons material? Part of the answer lies in Shusterovich's very intimate connection with the master of the Russian nuclear complex, Victor Mikhailov. The two are so close that Mikhailov is commonly referred to as Shusterovich's "godfather". The older man attended Shusterovich's graduation ceremony, the pair have traveled together in the United States and, most importantly, Mikhailov is unreservedly backing Shusterovich's nuclear bid. As chief counsel of Pleiades, the youthful Nasir Hashim, a lawyer bereft of nuclear

Guns, Drugs and the CIA: Sequel

When we left him in our last issue of *CounterPunch* the *Washington Post*'s Walter Pincus was expending many thousands of words in efforts to demolish charges that his erstwhile would-be employer, the CIA, had ever had any connection with the drug smuggling from Nicaraguan contras to the inner cities and white suburbs of the United States.

Pincus went back into action in the *Post* for October 31, in a modified hang-out posture. He concedes that when Eden Pastora (aka Commandante Zero) was head of the contra group known as ARDE, he was engaged in cocaine trafficking with Miami-based drug smuggler George Morales, and that the CIA was aware of this.

But once again Pincus gets it wrong. The CIA was always happy to tout stories about Pastora because the Agency regarded him as a loose cannon. What Morales told the Kerry Committee and certain journalists was this: he flew arms from Florida down to John Hull's ranch in Costa Rica, to a group supported by the CIA and aimed at supplanting Pastora and ARDE. Morales carried back drugs to Florida and recounted how his landings at Homestead and other airports, though in DEA and CIA-monitored airspace, were always remarkably trouble-free. He was clear that the CIA connived at the drug smuggling. Morales was killed in a car crash some years ago. ■

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Larry Pressler's Stool Pigeon

We discovered the degree of timidity in the South Dakota press when we sought to distribute our detailed findings about Larry Pressler's frequent foreign junkets, as published in the last issue of **CounterPunch**. Contacts in Sioux City were not optimistic about the prospects, advising us first to funnel our article to an out-of-state newspaper. That. they said, would allow the Dakota press to pick up the story ("*The Washington Post* reported yesterday that Senator Larry Pressler ... ") while remaining shielded from Pressler's frequent attacks about what he claimed was the media's unfair hostility toward his campaign.

Gannett's bureau in Washington initially expressed interest in information about Pressler's foreign travels, but a staff reporter soon called back to say that her editors felt it wouldn't be fair to do a "gotcha" story so close to the election. Presumably, the time to do such a story would be well before an election, when it wouldn't matter.

Finally, the *Rapid City Journal* decided to pursue a story about Pressler's foreign travels and mentioned our report in a tough dispatch published on October 28. The newspaper's reporter, Bob Mercer, expressed concern about being tainted by too close an affiliation with **CounterPunch**, especially as one of its editors recently visited South Dakota at the invitation of former Senator Jim Abourezk, savaged Pressler and became involved in fierce altercations with Pressler supporters – all broadcast on local radio. Soon after the visit, Pressler began to slide.

Our efforts to crack the South Dakota press's iron curtain were not entirely unsatisfactory, however. Some of the state's reporters passed on amusing information about Pressler's less than illustrious senate career. One source told us that Pressler's full-time chauffeur, Todd Trautman – who the senator has on his payroll as a "legislative assistant" – was preceded in his post by a number of other staffer/drivers.

One of these unfortunates, now ensconced at the South Dakota Chamber of Commerce, had told our source of the best of times and the worst of times as Pressler's driver. The high point: sharing a cigarette with Bianca Jagger as he waited for Pressler to emerge from a DC social affair and she waited for her then paramour, Senator Christopher Dodd, attending the same gathering. The low point: being ordered to carry a brown paper bag with a senatorial stool sample to a laboratory for inspection. ■

experience, sits in his small office up a narrow staircase at the top of a mid-town Manhattan building, the home of the Pleiades Corporation. He confirms the relationship between Shusterovich and Mikhailov, calling it the "fundamental value-added that this company brings to the deal" and claims, wrongly, that Shusterovich was one of the originators of the whole idea of the US buying the Russian bomb material in the first place because he is devoted to "bridging gaps between Russia and the US". Hashim told **CounterPunch** the proposed nuclear deal was a very good opportunity to do "God's work".

Hashim denied a story circulating in the somewhat puritanical nuclear industry that Shusterovich has made approaches to buy *Penthouse* magazine. But *Penthouse* executives rather nervously admit to having had a business relationship with Shusterovich.

Shusterovich has been able to recruit some big names as advisers to his project. These include Ambassador Max Kampelman, formerly the chief US trade negotiator, Stephen Hadley, assistant secretary of defense in the BushPentagon and former Secretary of Commerce Robert Mossbacher – who will serve as chairman of Pleiades. Recently, Kampelman and Hadley turned up at the White House to lobby the US National Security Council for approval of the Pleiades deal.

Shusterovich has not confined himself to Republicans. Also on the team are Ron Rozensweig, chief of staff to Energy Secretary Hazel O'Leary before he resigned following unpleasantness regarding her extravagant travel arrangements and Wyche Fowler, formerly Democratic Senator from Georgia and currently Ambassador to Saudi Arabia. Hashim likes to display pictures of himself with Gore at Fowler's swearing-in ceremony as ambassador earlier this year.

"This is bad", one high-ranking expert on highly enriched uranium says. "We have a possible situation where the Russians will control both ends of the entire HEU deal – 500 tons of bomb grade uranium. What you have here is a classic mafia type operation. Someone turns up and tries to insert themselves in the middle in order to take a percentage without really adding anything of value. Pleiades does not bring any value-added to the deal. Victor's interest has got to be personal revenue flow. He must be hoping that Shusterovich will make him rich." Plenty of people in Washington are ready to join him at the trough. ■

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(Little Rock, cont. from p. 2)

was convicted in the Whitewater case, are all facing charges stemming from a fraudulent cable tv deal in Indonesia.

Three months after the China trip, Brown again picked Entergy as a travel companion, this time to Indonesia on a trip headed by Clinton himself. The Indonesia trip is shrouded in mystery. The Center for Public Integrity, a DC watchdog group, has investigated Brown's trade junkets and Commerce provided it with substantial materials on every journey – except the one to Indonesia.

The Indonesia trip was a lucrative one for Entergy. The company closed two power plant deals worth $500 million, both in association with the Lippo Group. Entergy also made headway in its efforts to win government backing for a $1 billion proposal to construct a hydroelectric dam on the Mamberamo River in the Indonesian province of Irian Jaya. The 20,000-megawatt dam would flood 10,000 square miles of lowland rainforest and require the displacement of thousands of indigenous people living in the Mamberamo basin.

Also accompanying Brown and Clinton to Jakarta was a representative of Mission Energy, a wholly-owned subsidiary of SCECorp (Southern California Edison). The CEO of SCECorp is John Bryson, a long-time Clinton backer who also traveled with Ron Brown to China. Mission came back from the Jakarta junket with contracts for two power plants valued at more than $650 million each. The Overseas Private Investment Corporate (OPIC) chipped in with $400 million in financing and insurance coverage for one of those plants, the largest assistance package the federally-chartered organization has ever handed out for a single project.

OPIC also made arrangements with the Indonesian military to protect Mission Energy's investments. An internal OPIC memo from December of 1994 says that "OPIC played a major role in negotiating the security package with the Government of Indonesia."

At OPIC, too, there are interesting Little Rock/Jakarta links. On OPIC's board sits Lottie Shackelford, a former mayor of Little Rock and vice-chair of the DNC who was appointed by Clinton in 1993. Shackelford – whose father-in-law graces the Entergy board of directors – has continued in her day job as a lobbyist at Global USA, which specializes in securing trade deals for corporations in the so-called emerging markets of the developing world.

One of Shackelford's partners at Global USA is Paul Berry, a former roommate of Bill Clinton's who helped steer a $20,000 unsecured loan to the Whitewater Development Company in 1978. One of Berry's clients is Giroir's Arkansas International Development Corporation, which first hired Berry to seek out American companies who were interested in doing business with the Lippo Group.

This is the rancid political culture that marks the Clinton years. No wonder a current joke in Washington has as a campaign slogan, "Clinton '96, Gore '97." ■

Lippogate's Forerunner

Democrats struggling to fend off assaults over Clinton-Gore overseas financial solicitations are too ignorant of history to remind anyone of their opponents' record of foraging in the same pastures. Yet the record is clear and unedifying.

Back in 1968 Richard Nixon received no less than $549,000 from the KYP, the Greek CIA and executive arm of the fascist junta then in power in Athens. The money was laundered in through Tom Pappas, a Boston-based Greek American tycoon. Of course, since the KYP was entirely funded by our CIA it could

be argued that this was merely a domestic contribution to Nixon from the US taxpayer.

In 1972 a collection of Greek millionaires passed $35,000 via Pappas to the Republican National Committee, then chaired by Bob Dole, for Nixon's reelection effort. In exchange came various favors. Nicholas Vardinoyiannis, for example, won the immensely lucrative contract to refuel the US Sixth Fleet. The Watergate burglars may have been trying to find out whether DNC head Larry O'Brien knew of Nixon's Greek connection and was planning to use it in the '72 campaign. ■

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